

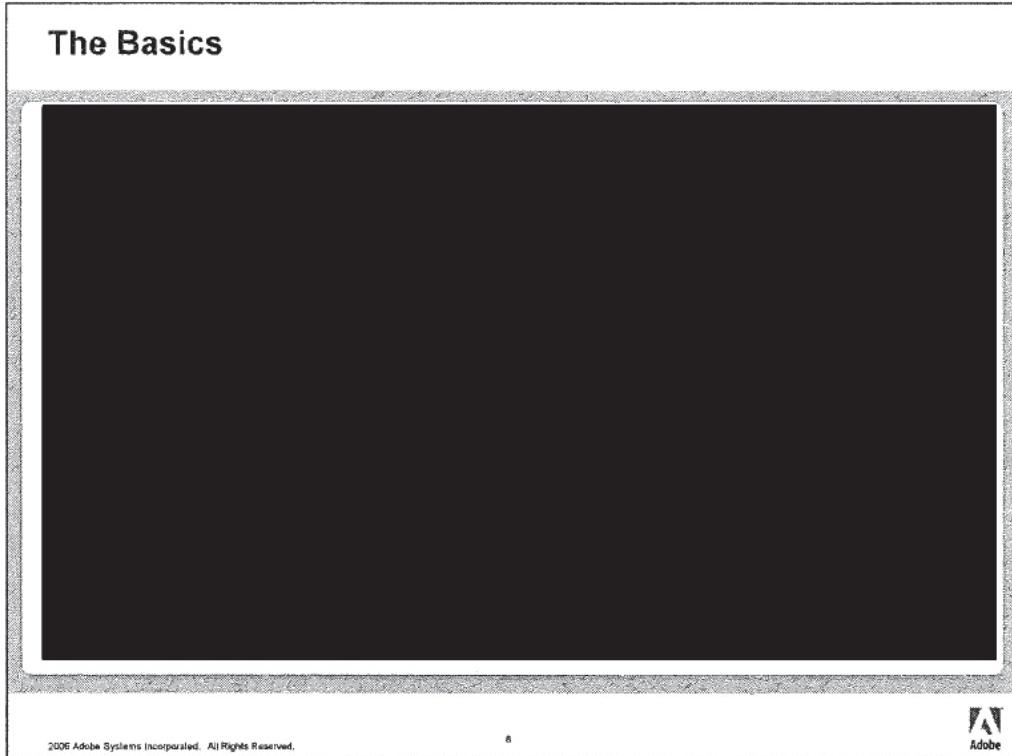
## Significant Changes for 2007

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- The significant changes for 2007 all contribute to the streamlining of the process this year. Hence, the “mini” Focal process.
- If you are a new manager we will go into more detail on ranking later in the presentation



## Core Components



- Performance Evaluation
- Ranking Process
  - Matrix
- Salary Focal Budget
  - Methodology
  - Budgets by Country
- Salary Increase Matrices
- Salary Focal Tool
- Updated Performance Appraisal
- Performance & Salary Discussion

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**Core Component: Performance Evaluation**

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**Core Component: Ranking Process**



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**Core Component: Ranking Matrix**

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## Core Component: Salary Focal Budget Methodology

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- We'll be walking through the methodology to create the Salary Focal Budget, and then I'll share the budget for this year.

**Core Component: Salary Focal Budget Methodology (cont.)**

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**Core Component: Salary Focal Budget**

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### Example of Base Salary Impact with Pro-rated Budget

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**Core Component: Salary Focal Budget (cont.)**

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**Core Component: Pro-rated Salary Focal Budgets\* by Country**

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**Core Component: Salary Increase Considerations**



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**Core Component: Salary Increase Matrices (except India)**



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**Core Component: Impact on Company Position to Market**



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## Core Component: Salary Focal Tool

- Refer to the Adobe Presenter available on the Managers' Focal web site for help installing and using the tool

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- Refer to the *Salary Focal Tool and Reports* document on the Manager's Focal website.

**Core Component: Performance Appraisal**

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**Core Component: Performance & Salary Discussion**

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**Timeline**



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- Managers can start writing reviews now using the Performance Appraisal Worksheet (non-routable) available on the Manager's Focal website, and then copy/paste into the routable form, which will be available on 12/4.

## Resources

- 2007 Managers' Performance Focal web site
  - Access from Inside Adobe
  - Adobe PDF of Managers' reference documents
  - Links to forms
  - Link to online Enrollment System to enroll in a 1:1 Coaching session
  - Posted email communications to managers and employees
- Managing at Adobe Website
- Communications
  - Email reminders for key action items
- If you have questions about...
  - An employee issue, contact your Human Resources Manager
  - The Focal timeline, process, or tools, contact the HRIC at x6-HELP (4357), option 5

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- You can find your HRM on the Org Chart on Inside Adobe.
- Coaching sessions will be offered in Jan.
- Even though the HRIC is mainly for North America employees, for Focal timeline, process or tools questions, all employees can contact the HRIC.



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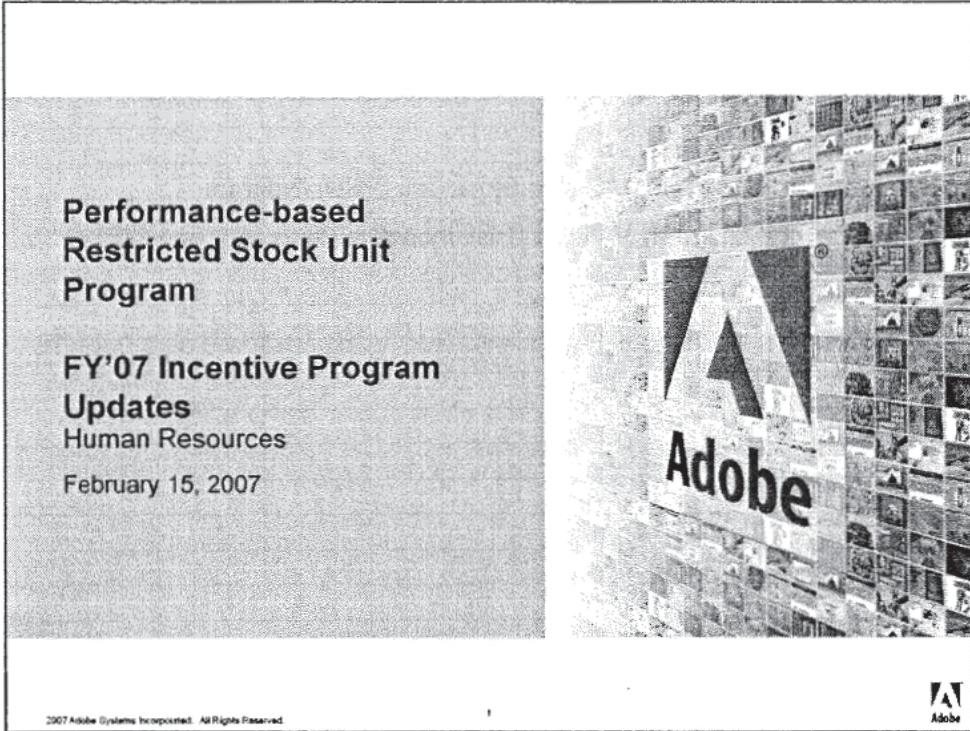
# EXHIBIT 3

DOCUMENT

PLACEHOLDER

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- Introduce Performance based Restricted Unit Program once and reference as PSU through out the rest of presentation
  - Talking points from Bruce's presentation in December 2006
- 
- A large black rectangular redaction box covers the majority of the slide content area below the bullet points.

## Agenda

- Total Compensation
- Performance-based Restricted Stock Unit (PSU) Program
- Annual and Quarterly Variable Cash Incentive Plans (AIP and QIP)
- Your Next Steps
- Q&A

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- **What we're going to cover today....remind them that this is a follow-on from the Dec. 20 Sr. Leader meeting and that this meeting is also being recorded for playback**
- **Housekeeping...how to ask questions via chat/telephone, etc.**



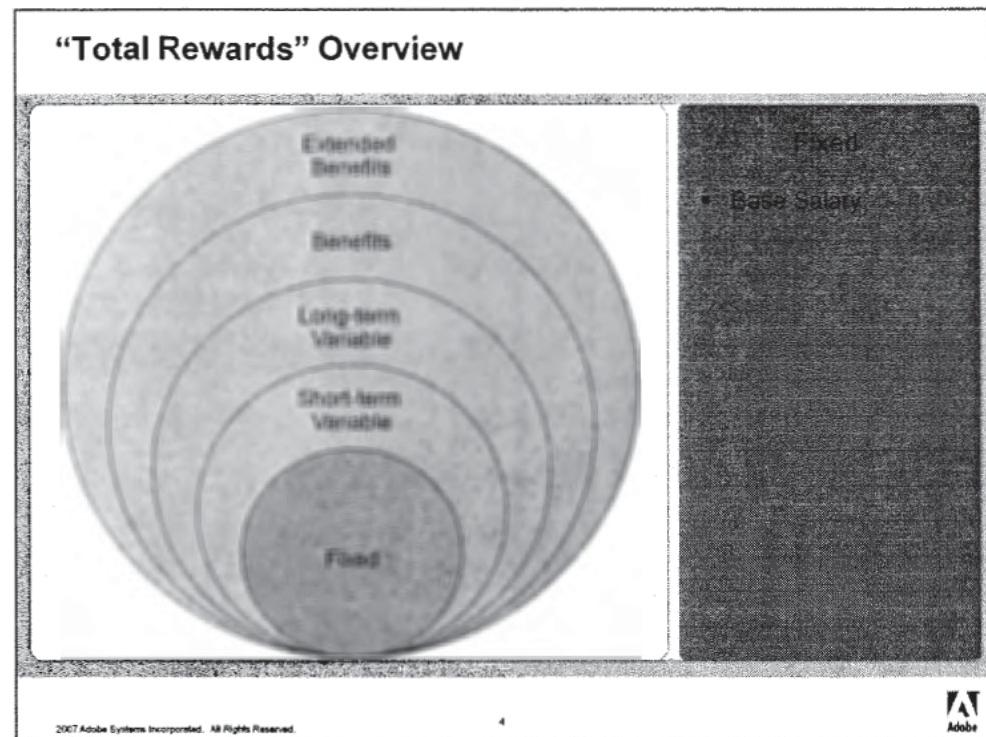
- **Introduction:** With the importance of compensation and building a performance based culture, there needs to be alignment of goals that drive behaviors which lead to customer satisfaction, which then results in revenue/profit to the company, which then translates to shareholder appreciation and back to business performance

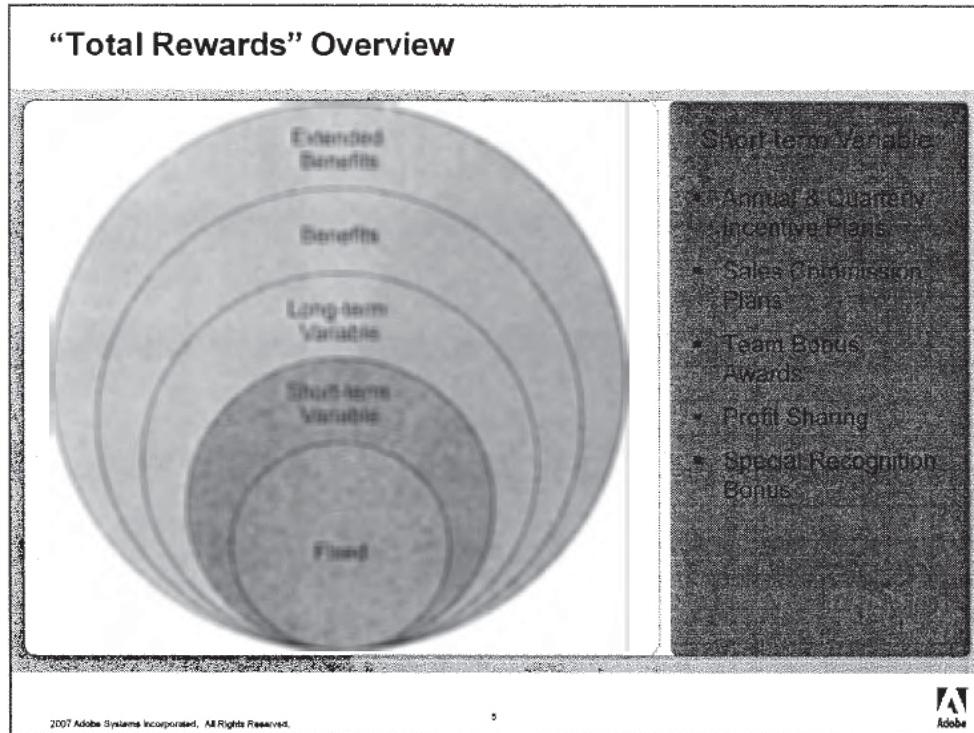
- **We are committed to the following principles:**

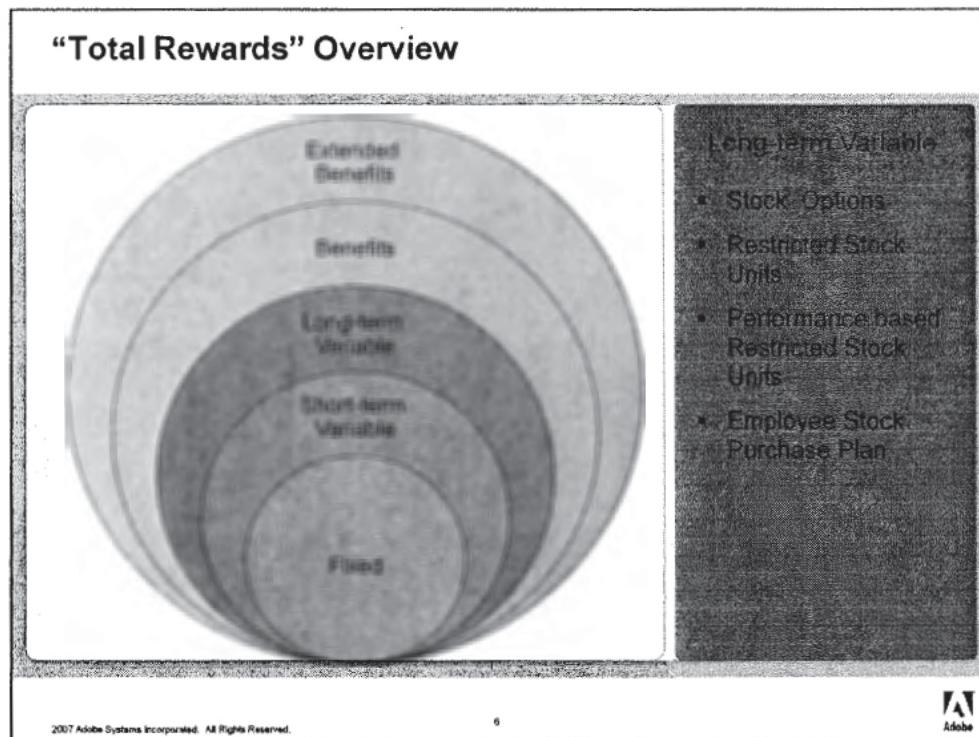
- We share our success with our employees.

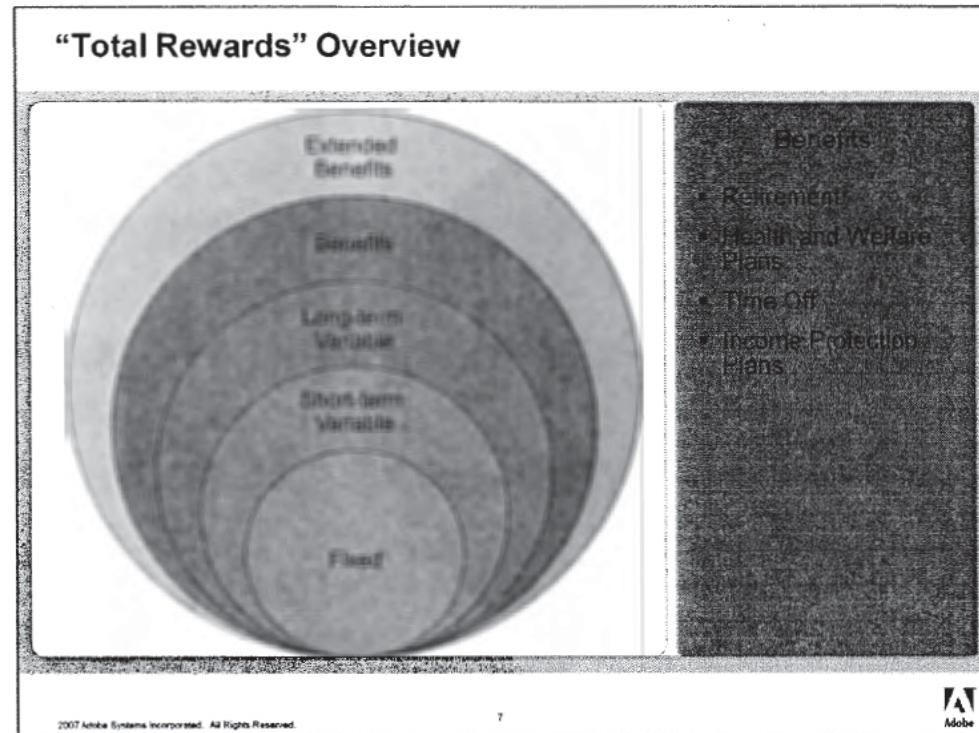
- We provide a work environment including the tools, training and relevant information that supports a high level of personal and organizational productivity.
  - We work together as individuals, managers and teams to define goals, and hold ourselves accountable for objectives we set.

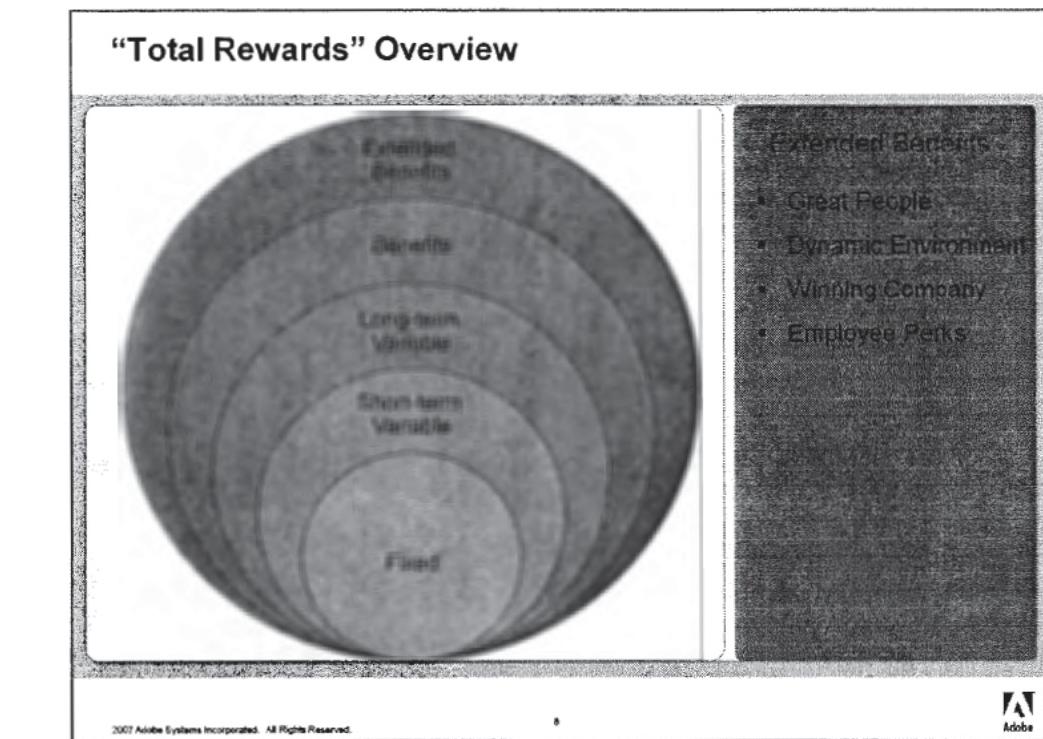
- We recognize and reward results and contributions tied to the success of the company and in support of company values.
  - We offer competitive benefits geared toward individual needs, flexibility, competitive environment, and cost effectiveness.
  - We offer or participate in programs, which allow employees to effectively plan for and manage their financial futures.
  - We communicate the goals, features and value of our programs.

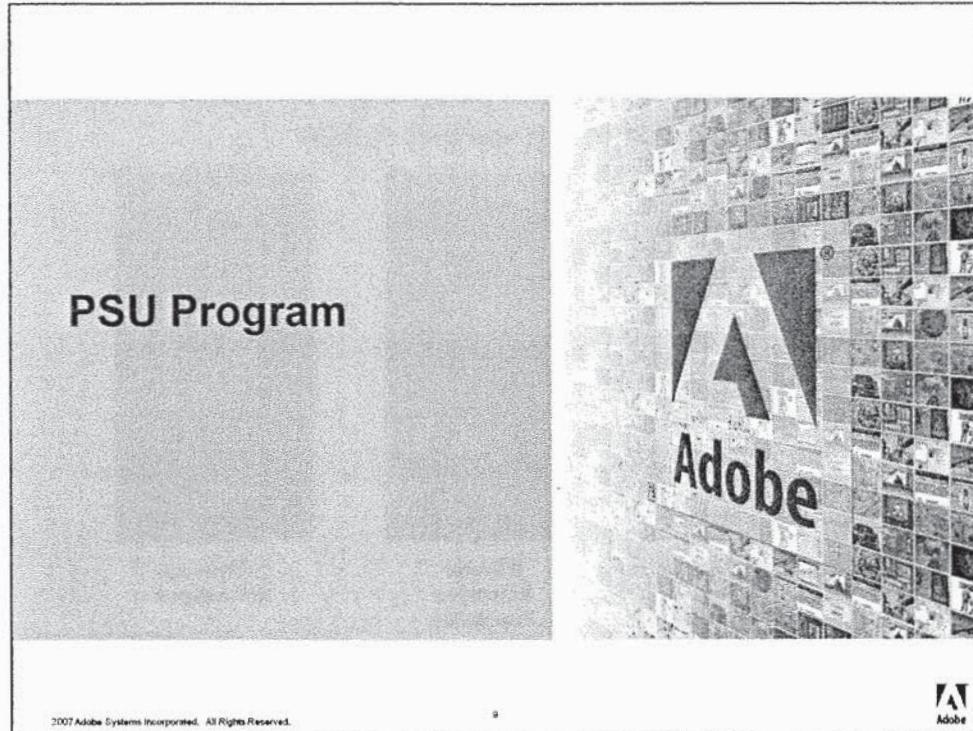












**Adobe's Equity Model**

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## PSU Plan Overview

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**PSU Plan --Vesting**

2007 2008 2009 2010 2011 2012

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**PSU -- FY'07 Criteria**



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**FY'07 PSU Plan Matrix**

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FY'07 PSU Plan Matrix – Overachieve AOP Scenario

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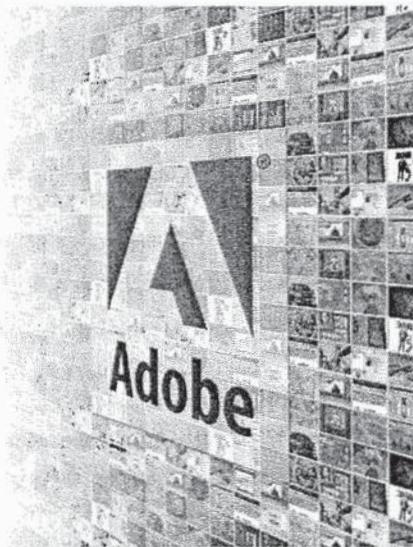
**FY'07 PSU Plan Matrix – Underachieve AOP Scenario**

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## Summary of FY07 AIP/QIP Changes



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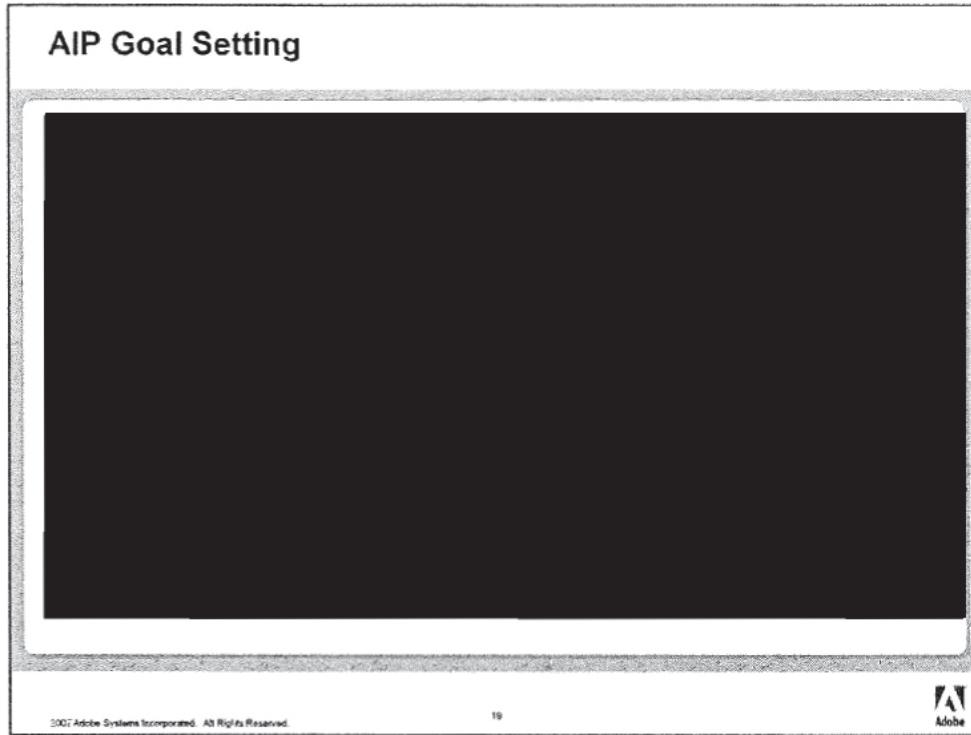
AIP Plan Overview



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**FY'07 AIP/QIP Payout Matrix**



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**FY'07 AIP/QIP Payout Matrix – Scenario A – Overachieve**

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FY'07 AIP/QIP Payout Matrix – Scenario A – Overachieve

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**FY'07 AIP/QIP Payout Matrix – Scenario B --  
Underachieve**

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**FY'07 AIP/QIP Payout Matrix – Scenario B --  
Underachieve**

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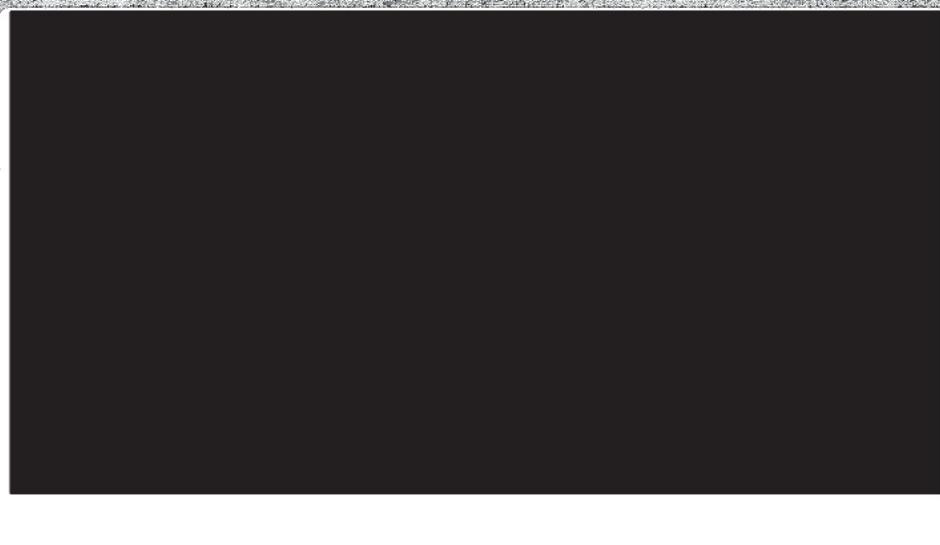
**AIP --Summary Changes**

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**QIP -- Summary Changes**



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## Next Steps

- Communicate to eligible members of your teams
- Reference tools provided
  - Plan documents
  - FAQs
  - PDF of presentation
  - Adobe Connect recording of materials
- Work with your HR Business Partner
  - They will bring in additional HR support as needed

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- Follow up email with links to documents and additional resources will be sent this afternoon